

Final

**Meeting of the Ad Hoc Liaison Committee
New York
22 September 2009**

Chair's summary

AHLC members and other major donor countries met at UN Headquarters in New York today. The UN Secretary-General Ban Ki-moon hosted the meeting. As Chair, Norway commended the participants, and in particular the Palestinians and the Israelis, for their spirit of cooperation and their positive contributions to the deliberations.

The AHLC welcomes the meetings of the parties in New York 22 September to lay the groundwork for the relaunch of negotiations, and to create a positive context for those negotiations so they can succeed.

At the meeting, the donors reaffirmed their strong commitment to the two-state solution to the Israeli-Palestinian conflict. They reaffirmed their commitment to supporting the political negotiations by ensuring full compliance with Roadmap obligations and mobilising assistance to Palestinian economic and institutional development. They noted that delivering change on the ground should form an integral part of efforts towards peace.

The AHLC therefore welcomed the PA's Programme for the Thirteenth Government, which was introduced at the meeting by PM Fayyad. The plan will be an important platform for donor co-ordination with the PA, with the focus on continued assistance on developing a sustainable economy and building robust state institutions.

The meeting took note of reports indicating improvements in the macroeconomic situation in the West Bank as a result of concerted actions by the Palestinian Authority, the Government of Israel, and the donor community. The private sector's confidence has been bolstered by the Palestinian Authority's reestablishment of a secure environment in major West Bank cities, as well as by its public sector reforms and prudent fiscal policy. These reforms were supported by generous donor budget support. Complementing the PA's measures, the Government of Israel has relaxed restrictions on the movement of goods and people within the West Bank, which provided impetus to private sector activity and growth. In accordance with the World Bank report, a change in the Israeli settlement policy will have a positive impact on further development of the Palestinian economy, as will ongoing efforts to resolve the conflict.

The AHLC welcomed the disbursement of increased budget support following the AHLC meeting in June. The IMF reports that the PA will need additional budgetary donor support as early as in October, and anticipates a budget deficit of about USD 400 million through the end of the year.

AHLC members agreed that sustainable growth in the Palestinian Territory can only be achieved when Palestinians have full access to international markets, and when there is free movement for people and investors. This will contribute to achieving less dependency on high levels of donor aid. The broad and continued efforts by donors to ensure project implementation were welcomed. Private sector development is a key to economic sustainability. The AHLC commended the tireless efforts by Quartet Representative Tony Blair.

The Quartet Representative emphasised that the project to establish Wataniya, the second Palestinian mobile telecommunications operator, must soon come to a conclusion. The agreement between PA and Israel should be fully implemented, and the full 4.8 MHz should be allocated so that the project could start. A positive outcome would have significant implications for the PA budget and encourage international and regional investors.

The UN Security Council Resolution 1860 tasked the AHLC to support efforts to alleviate the humanitarian and economic situation in Gaza. The donors expressed their deep concerns for the welfare of the people of Gaza, agreed that the situation in Gaza is unsustainable and noticed the importance of the United Nation's proposal for civilian reconstruction activity. The AHLC welcomed the Israeli government's approval of water and sanitation programs in Gaza. Reports presented to this AHLC meeting called for the closure to be lifted. AHLC noted the need for efforts to assure a durable ceasefire and taking security concerns of all of the civilian populations into account.

The AHLC welcomed the report from the Joint Liaison Committee, the local tripartite cooperation between Palestinians, Israelis and international donors. The Committee now meets regularly to speed up implementation of measures, projects and activities that will further improve the Palestinian economy.

On this basis the AHLC

- encourages assistance to the PA in implementing the Programme for the Thirteenth Government for completing the task of building a viable Palestinian State, with regards to institution building and the development of a sustainable Palestinian economy. The AHLC emphasized the importance for the PA to continue reform efforts and fiscal discipline;
- calls on Israel to further facilitate access and movement to and within the occupied Palestinian Territory, taking into account Israel's security concerns;
- urges Israel to facilitate humanitarian programmes, service delivery and much needed reconstruction in Gaza in accordance with the UN Security Council Resolution 1860;

- emphasises that the PA should play a key role in delivering humanitarian and rehabilitation efforts in Gaza;
- urges donors that have not yet converted budget support pledges into disbursements to transfer their assistance without delay, as well as to reallocate unutilised funds for project implementation to budgetary support for 2009;
- encourages donors to use existing aid delivery mechanisms, such as the World Bank Trust Fund and the European Commission's PEGASE, and to consider aligning their funding cycles with the PA's national budget cycle;
- calls on the Joint Liaison Committee to further strengthen the tripartite cooperation locally with a view to ensuring more effective progress on the ground.

The Chair announced its intention to call for a meeting at ministerial level at an appropriate time and place following the resumption of negotiations.